

**BY-LAWS
OF THE
RED RIVER HARVEST COOPERATIVE**

Vision

To enhance the vitality and well-being of our community through the sustainable production and distribution of local foods.

Mission

Red River Harvest Cooperative is a community of local producers committed to empowering a resilient local food economy by providing sustainably grown food options while practicing good stewardship of agricultural resources. This cooperative builds stronger ties within our community by championing family farm agriculture, providing farm-to-table products, and facilitating educational opportunities.

**BYLAW I
NAME AND LOCATION**

The name of the Cooperative is Red River Harvest Cooperative (hereinafter known as the “Cooperative”). Its principal office is located at 140 Clement Ave, Grandin, North Dakota 58038 in Cass County.

**BYLAW II
PURPOSE**

The purposes of the Cooperative are as follows:

- 1) To engage in any activity connected with marketing and selling of agricultural products produced by its members, including but not limited to buying, selling, marketing, storing, warehousing, transporting, distributing, and processing of those products;
- 2) To promote community development and wellness by increasing the availability of locally grown foods and related products to its patrons through ecologically sound practices;
- 3) To engage in any activity connected with or related to any such purposes, and to engage in any other lawful purpose.

**BYLAW III
MEMBERSHIP**

Section 3.1 – Open Membership

Provided prospective members meet the eligibility criteria enumerated in these Bylaws, membership in the Cooperative is available without discrimination on the basis of race, color, religion, age, sex, national origin, marital status, disability, sexual orientation, economic situation or political affiliation, to all persons or business entities who can make use in good faith of what the Cooperative offers and who are willing to accept the responsibilities of membership.

Section 3.2 – Application for Membership

Application for membership shall be made on a form provided for that purpose.

Section 3.3 – Membership Fees

Each application for membership shall be accompanied by the purchase of a single share of the Cooperative's Membership Common Stock (Class A Stock).

The Board of Directors shall retain the right to adjust Common Stock price membership fees, from time to time, with ratification by a majority vote of a quorum of members in good standing to ensure the Cooperative has sufficient working capital.

Section 3.4 – Fund Use and Administration

The purchase price paid by the various members for the purchase of shares of Membership Common Stock shall be deposited with the Cooperative, for use in the operation of the Cooperative under the guidance of the Board of Directors.

Section 3.5 – Eligibility for Membership

Any person, cooperative, partnership, non-profit, or business entity actively engaged in the cultivation, processing, and distribution of locally grown agricultural products may, upon approval of their application by the Board of Directors, be accepted into membership on terms established by the Board of Directors. In general, consideration will be given to producers and purveyors of local food products who will advance the mission of the Cooperative.

Section 3.6 – Member in Good Standing

A member in good standing is one who has:

- (a) Paid the purchase price for such member's share of Class A Common Stock;
- (b) Met the eligibility criteria for membership;
- (c) Has no outstanding debt to the Cooperative;
- (d) Good standing with state, local, and federal government such as secretary of state, IRS, etc;
- (e) Adhered to applicable county, city, state, and federal food safety guidelines;
- (f) Proof of liability insurance

Section 3.7 – Resignation of Membership

Members may resign at any time by submitting a written and signed resignation. There will be no refund of the purchase price of the Membership Common Stock held by such member, unless the Board of Directors, in its sole discretion, has determined that the refund of such purchase price:

- (a) Would not impair the Cooperative's ability to meet its obligations as they become due to the Cooperative and that the Cooperative has adequate resources for its then-current and proposed activities and;
- (b) Elects to refund the purchase price of the resigning member's Membership Common Stock. Any refund of such purchase price approved by the Board of Directors may be offset by any amount due to the Cooperative by the member.

Section 3.8 – Rights of Membership

The rights of membership are as follows:

- (a) Each member (entity) in good standing is entitled to one vote.
- (b) Rights, interests, and stock of membership are not transferable.
- (c) It is the member's responsibility to provide the co-op with a current mailing address and, to the extent possible, an active email address.
- (d) All members in good standing shall be eligible for all benefits established by the Cooperative's Articles of Association, as amended from time to time, by these Bylaws, as amended from time to time, by the Board of Directors and by applicable law.

Section 3.9 – Termination of Membership

Membership in the Cooperative may be terminated by the Board of Directors at their discretion if the Board of Directors, by a majority vote, determines that a member has:

- (a) failed to patronize this cooperative for a period of two years or more;
- (b) not paid the required purchase price in full for a share of Membership Common Stock;
- (c) died or, if a legal entity, has ceased to exist and leaves no successor; or
- (d) the Board of Directors by resolution finds that a member has:
 - a. intentionally violated any provision of the Articles, the Bylaws, or Board policies of this cooperative;
 - b. willfully obstructed any lawful purpose or activity of this cooperative
 - c. breached any contract with this cooperative; or
 - d. pursued a course of action within the Cooperative that is either contrary to the Cooperative's basic principles of producer cooperation or which endangers the cooperative's effective operation.

The Board of Directors may only terminate the membership of a member at a meeting of the Board of Directors of which meeting 20 days written notice was provided to the member whose termination will be considered by the Board of Directors . The notice shall state with reasonable particularity the grounds for termination of the member's Cooperative membership and such member shall be provided a reasonable opportunity to be heard at such meeting, including the opportunity to speak against termination of membership.

BYLAW IV MEETINGS OF THE MEMBERSHIP

Section 4.1 – Annual Meetings

Annual membership meetings shall be held within six (6) months of the end of the fiscal year, once in every 12-month period. The Board of Directors shall determine the date, time and place of each meeting. It shall give at least thirty days notice of each meeting and its proposed agenda by posting an announcement on the Cooperative website as well as email announcement to all current members. The purpose of such meetings shall be to hear reports on operations and finances, to review issues that vitally affect the Cooperative, to elect Directors whose terms are ending, and to transact such other business as may properly come before the meeting.

Section 4.2 – Quorum

A quorum shall be established by a count of those members in good standing present, those members in good standing present by the return of a mail ballot, if a mail ballot has been authorized by the Board of Directors, and those members present by return of an electronic ballot if an electronic ballot has been authorized by the Board of Directors in accordance with applicable law. If the Cooperative has 500 or fewer members, a quorum shall consist of ten (10%) percent of such members or no fewer than six (6) members; provided, however, that when the Cooperative has more than 500 members, 50 members shall constitute a quorum.

Section 4.3 – Special Meetings

A special meeting can be called by the Board of Directors or by a written request or petition to the President of the Cooperative or the Board of Directors by at least twenty (20) percent of the members in good standing. The Board shall give reasonable notice of a special meeting, but must provide notice of a special meeting requested by the members as described above within ten (10) days after receipt of the written request or petition. In the case of a meeting requested as described above, the Board shall convene the meeting within thirty days of receipt of the written request or petition. No business will be conducted at a special meeting other than that specified in the notice of meeting.

Section 4.4 – Membership Meetings

- (a) **Voting:** voting shall be conducted by ballot, in person, by mail or by electronic means if authorized by the Board of Directors in accordance with applicable law. Voting by proxy is not permitted. A membership may be held jointly in the names of two or more persons. When a membership is held jointly, only one vote may be cast for that membership. If the member is not a natural person (e.g., a corporation), the member shall appoint a natural person to cast its vote.
- (b) **Agenda:** The agenda shall include all items publicly posted and shall also include other items to be raised from the floor of the meeting, to the extent permitted by applicable law.

BYLAW V BOARD OF DIRECTORS

Section 5.1 – Number of Directors, Current Members of the Board of Directors and Terms.

The Board of Directors shall be responsible for the government and fiscal health of the Cooperative. The Board shall consist of no less than five (5) Directors, with the standing option of seven (7) Directors at the discretion of the board, each of whom must be a member in good standing.

Upon expiration of the terms of office of the current members of the Board of Directors, each director shall be elected for a term of three (3) years, and shall hold office until their successors shall be elected. Directors shall be elected to terms that are staggered, with two (2) Directors being elected at the Annual Meeting which reports on fiscal year 2021, two (2) Directors being elected at the Annual Meeting which reports on fiscal year 2022 and one (1) Director being elected at the Annual Meeting which reports on fiscal year 2023; subject to any vacancies on the Board of Directors, elections to the Board of Directors shall continue in the same manner, such that one-third of the Directors shall be elected each year. Directors may serve consecutive terms with no limit.

Section 5.2 – Nomination and Election

Nomination procedures shall be established by the Board of Directors, in its discretion. Directors shall be elected at the Annual Membership Meeting. Member voting shall be by ballot, either in person, by mail, or by electronic means to the extent permitted by law, as determined by the Board of Directors. Each member may cast one vote per open seat. A plurality of votes cast shall elect a nominee to service on the Board of Directors.

Section 5.3 – Powers

The Board of Directors shall exercise all powers allowed by North Dakota law and necessary for the effective management of the Cooperative.

Section 5.4 – Resignation, Removal, Vacancies

Any Director may resign at any time by giving written notice to the Board of Directors. In addition, a Director may be removed by the members in the manner provided by applicable North Dakota law. Any vacancy caused by the resignation, removal, death, disqualification, or otherwise of any Director may be filled by election by the Board within a reasonable period. The person so elected shall hold office only until the next Annual Membership meeting. Then that term shall be filled at the regular election of the Board of Directors, with the Director so elected to serve for the remainder of his/her predecessor's term in office.

Section 5.5 – Regular Meetings

Regular meetings of the Board of Directors shall be held monthly with minimum one (1) week advance notice, stating time and location of such meetings. The annual meeting of the Board of Directors shall be held immediately following the annual Membership Meeting at which a Board of Directors is elected. Any business may be transacted at any regular meeting of the Board.

Section 5.6 - Special Meetings

Special meetings of the Board of Directors shall be held whenever called by any member of the Board of Directors. The Secretary shall give notice of each special meeting of the Board of Directors, by notifying current members at least three (3) days prior to the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at any special meeting of the Board of Directors. At any meeting at which every director shall be present, even though without notice, any business may be transacted and any director may in writing waive notice of the time, place and objectives of any special meeting.

Section 5.7 – Quorum

A majority of the whole number of directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors. If at any meeting less than a quorum shall be present, a majority of those present may adjourn the meeting from time to time. The act of the majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or the Articles of Association or by these Bylaws.

Section 5.8 – Required Vote

An affirmative vote of a majority of those present shall be necessary for the passage of any resolution.

Section 5.9 – Indemnification

The Cooperative shall indemnify and reimburse each present and future director and officer for any claim or liability (including expenses and attorney fees, judgements, fines, and amounts paid in settlements, actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a director or by reason of his or her acts or omissions as a director. Such indemnification shall be made only if determined by the Board of Directors that the director acted in good faith in the reasonable belief that his or her action was in the best interest of the Cooperative. The foregoing shall not be exclusive of any rights to which directors may be lawfully entitled.

Section 5.10 – Personal Liability

No Member, Officer, Director, Employee, or Agent of this cooperative association shall be personally liable for the debts or obligations of this cooperative association of any nature whatsoever, nor shall any of the property of the Members, Officers, Directors, Employees, or Agents be subject to the payment of the debts or obligations of this corporation.

BYLAW VI OFFICERS

Section 6.1 – Officers

The Officers of the Cooperative shall be President, Vice-President, Secretary and Treasurer. These Officers shall serve a minimum term of one year and shall be elected by the Board within three months following the Annual Membership Meeting. These Officers may be removed from their position by minimum two thirds vote of the Board of Directors.

Section 6.2 – Vacancies

A vacancy in any office shall be filled by election by the Board within reasonable time. A Director elected to fill a vacancy in office shall serve for the remainder of his/her predecessor's term in office.

Section 6.3 – Duties

- (a) **President:** The President shall have such powers and perform such duties incident to the office as may be required by law, by the Articles of Association or these by-laws, or which may be prescribed from time to time by the Board of Directors. The President shall see that all Membership and Board meetings are facilitated. The President is responsible for establishing meeting agendas and presiding over all Board meetings. All actions of the President shall be subject to ratification by the Board.
- (b) **Vice-President:** In the absence of the President, or in the event of the President's inability or refusal to act, the Vice-President shall perform all duties of the President. When so acting, the Vice President shall have all the powers and be subject to all the restrictions of the President. The Vice-President shall have such other powers and perform such duties incident to the office as may be required by law, by the Articles of Association or these

- by-laws, or which may be prescribed from time to time by the Board of Directors.
- (c) **Secretary:** The Secretary shall be responsible for recording, approving, certifying, and archiving of all approved minutes of meetings of the Board and of the membership. The secretary shall present at all reasonable times to any director of the Cooperative, his/her attorney, or any other member of the Cooperative, upon request and for appropriate purpose, any archived documents. The Secretary shall see that copies of the minutes of each Board meeting are distributed to all Board members prior to the next regularly scheduled Board meeting. The minutes shall maintain a record of attendance of board members and of the membership at all regular and special meetings of the Board. The Secretary shall see that copies of current Articles of Association and by-laws are available to all Board members, the General Manager, and to any other member upon request. The Secretary shall have such powers and perform such duties incident to the office as may be required by law, the Articles of Association or these by-laws, or which may be prescribed from time to time by the Board of Directors.
- (d) **Treasurer:** The Treasurer shall perform all financial duties, and monitor the financial condition of the Cooperative. The Treasurer shall receive, review, and present to the Board the results of any audit or review by an independent auditor. The Treasurer shall have such other powers and perform such other duties incident to the office as may be required by law, the Articles of Association or these by-laws, or which may be prescribed from time to time by the Board of Directors.

BYLAW VII COMMITTEES AND TASK FORCES

Section 7.1 – Standing Board Committees

Standing Board Committees are those committees deemed essential by the Board of Directors to execute its responsibilities of oversight and fiscal health of the Cooperative. The Board of Directors has the authority from time to time to form standing board committees, provided that each standing Board Committee will be chaired by a Director of the Cooperative.

Section 7.2 – Composition

All Board Committees shall have at least two members who have been duly appointed by the Board of Directors and may include both Directors and members of the Cooperative who are in good standing.

Section 7.3 – Ad-Hoc Task Forces

The Board may from time to time create an ad-hoc task force consisting of such members of the Cooperative and other persons as may be determined by the Board of Directors in its sole discretion.

BYLAW VIII CONFLICT OF INTEREST

Section 8.1 – Directors' Duties

The Directors of the Cooperative recognize that each of them owes to the organization a duty of honesty, loyalty, diligence, and sound business judgment whenever they act on behalf of the Cooperative. The Directors further recognize that situations may arise from time to time that create or involve a conflict of interest.

Section 8.2 – Definition of Conflict of Interest

A potential conflict of interest exists whenever a Director could reasonably anticipate that an action taken by the Board, a Committee or Task Force might financially benefit 1) any interest of a relative by blood or marriage of the Director; 2) any interest of a business or organization of which the Director is an officer, member, employee, director, partner, stockholder, or beneficial owner; or 3) any goal or objective sought by the Director other than a disinterested concern for the benefit of the Cooperative as a whole.

Section 8.3 – Procedure

If a potential conflict of interest exists, a Director shall immediately disclose the nature of the conflict to the Board and shall recuse him/herself from any and all discussions and voting concerning the matter. Such action shall be recorded in the minutes of the meeting.

Section 8.4 – Compensation of Directors

Because of the potential for conflict of interest, all payments made to Directors for any service, consultation, or employment with the Cooperative must be disclosed.

BYLAW IX FINANCE

Section 9.1 – Patronage Refunds

This corporation operates on a Cooperative basis and allocates earnings and losses to members or owners in good standing on the basis of the business done with or for such owners. Once Cooperative finances are approved at the annual membership meeting, the Board shall determine when and how such patronage refunds will be made in accordance with relevant sections of the Internal Revenue Code.

Section 9.2 – Allocated Equity Capital

The Board of Directors shall manage the Cooperative's allocated equity capital in a way to preserve and build upon the Cooperative's financial position while also allowing for redemptions of equity as and when the Cooperative has the financial strength to redeem equity. The Board of Directors has the sole discretion for the redemption of any equity. No equity redemption policy shall be interpreted to require any expenditure of equity capital and the Board of Directors retains all right and power to the final review and approval of any redemption of any type of equity.

Section 9.3 – Net Savings

The Board of Directors shall allocate net savings for the general purpose of expanding service.

Section 9.4 – Books and Records

The Cooperative shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of meetings of its members, board, and standing committees. The cooperative shall keep at its principal office records of the names and addresses of all members and stockholders with the amount of stock held by each and of ownership of equity interests. At any reasonable time, any member or stockholder, or the

agent or attorney of either, upon written notice delivered or sent to the cooperative at least one week in advance, may examine any books or records for a purpose that is proper and specified in the notice.

Section 9.5 – No Address

Whenever the Cooperative determines that it does not have a current address for the member or owner who was previously allocated equity of the Co-op, or whenever a member or owner fails to maintain a current address at the Co-op, then, in that case and before the previously allocated equity ever becomes payable, the equity will be deemed to be contributed to the Co-op's unallocated surplus. In the case of a dissolution of the Co-op, the total surplus remaining, including these contributed amounts, if any, will be distributed to the members or owners as determined by the Board and in accordance with the Articles and By-laws of the Co-op. The contribution shall be considered a dormancy charge. The Board may determine to reverse the contribution and reinstate the allocated equity in the Board's sole discretion when the member or owner demonstrates that the member was the owner of the allocated equity.

BYLAW XI BANK ACCOUNTS AND LOANS

Section 10.1 – Bank Accounts

The Board of Directors shall have the authority to appoint such members, officers, or Directors to act on behalf of the Cooperative in the capacity as its fiduciary agent. Such appointed agents except as otherwise expressly provided by law, by the articles of Association, or by these by-laws, shall, in the name of the corporation, execute such deeds, loans, mortgages, bonds, contracts, checks, or other such instruments that may be authorized by the Board of Directors. In the event that the Board of Directors shall fail to designate a fiduciary agent, such agent will become by default the 1) Treasurer and 2) the Vice President. In that case, all instruments must be signed by the Treasurer and countersigned by the Vice President.

Section 10.2 – Loans

Officers or agents of the Cooperative, as designated by the Board of Directors, shall have authority, upon Board approval, to effect loans, advances or other forms of credit at any time for the Cooperative from such banks, trust companies, institutions, corporations, firms or persons as the Board of Directors, shall designate. As security for the repayment of such loans, advances or other forms of credit, designated officers shall have authority to assign, transfer, endorse and deliver, either originally or in addition or substitution, any or all stocks, bonds, rights and interests of any kind in or to stocks or bonds, certificates of such rights or interest, deposits, accounts, documents covering merchandise, bills, accounts receivable and other commercial paper and evidences of debt at any time held by the Cooperative. For such loans, advances or other forms of credit to make, execute and deliver one or more notes, acceptances or written obligations of the Cooperative on such terms, and with such provisions as to the security or sale or disposition thereof as such officers or agents shall deem proper. Also to sell to, or discount or rediscount with, such banks, trust companies, institutions, corporations, firms or persons any and all commercial paper, bills receivable, acceptances and other instruments and evidences of debt at any

time held by the Cooperative, and to that end to endorse, transfer and deliver the same.

Section 10.3 – Designated Signatures

There shall from time to time be certified to each bank, trust company, institution, corporation, firm or person so designated the signatures of the officers or agents so authorized; and each such bank, trust company, institution, corporation, firm or person is authorized to reply upon such certification until written notice of the revocation by the Board of Directors of the authority of such officers or agents shall be delivered to such bank, trust company, institution, corporation, firm or person.

**BYLAW XII
FISCAL YEAR**

The fiscal year for the Cooperative will end on December 31 of each calendar year.

**BYLAW XIII
DISSOLUTION**

Dissolution of the Cooperative may be accomplished only by approval of a resolution authorizing such dissolution by two-thirds of the votes cast by the Cooperative's membership at a duly called and noticed meeting. Upon dissolution, the resources of the Cooperative shall be used to pay its debts and obligations and to make distributions of any surplus in accordance with the Cooperative's Articles of Association, as the same may be amended from time to time.

**BYLAW XIV
AMENDMENTS**

These by-laws may be amended at any membership meeting by a two-thirds vote of those members casting ballots in person or by mail ballot, if a mail ballot has been authorized by the Board of Directors, or by electronic means if authorized by the Board of Directors under applicable law. A copy of any proposed amendments shall be posted on the Cooperative website and emailed to every current member at least two (2) weeks before the meeting.

In the event that any provision in the by-laws is determined to be invalid or unenforceable under any statute or rule of law, then such provision will be deemed inoperable to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision in these by-laws.

THE FOREGOING ARE CERTIFIED as the By-laws of RED RIVER HARVEST COOPERATIVE, effective as of MARCH 9, 2021.